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SUBJECT New Breed of American Spies

HUGH DOWNS: Today more fallout from the Walker spy case. The Pentagon has instructed all military services to assess possible damage to codes and coding gear which may have been compromised by the Walker ring. And also today, Alaska Senator Ted Stevens introduced a bill to allow the death penalty for those convicted of espionage during peacetime.

Through all this, what has stunned Washington is the clear evidence that more and more Americans have been spying for the Soviets. They're a new breed of spy, very different from those of our past.

Even before we won our freedom, there were spies in our lives. Men like Nathan Hale. His motivation was a cherished goal, America's independence. Though to England a traitor, to us he is a hero.

But nearly 200 years later, Americans were spying on each other. Dedicated to an ideology, avowed communists Julius and Ethel Rosenberg were accused of passing atomic bomb secrets to the Soviets. They denied the charges but were found guilty and executed in 1953.

Now idealism is no longer the motivation. It's money. In the last ten years, at least 20 Americans have been arrested for passing secrets. Most did it for greed.

Christopher Boyce sold space satellite information for $15,000. He's doing 68 years in prison.

William Bell passed sensitive radar documents for $110,000. He's serving eight years in jail.

William Kampiles got $3000 for satellite information, and his sentence is 40 years.

Joseph Helmich pocketed $131,000 for U.S. code systems. He's serving life in prison.

David Barnett earned $92,000 and life in prison for selling the names of 30 covert U.S. agents.

Lee Eugene Madsen offered classified documents to the highest bidder. He got eight years in jail.

Richard Craig Smith is accused of selling secret agent information for $11,000. His case is pending.

And members of the accused Walker spy ring are also said to have been motivated by money. John A. Walker, the alleged ringleader, may have been selling secrets to the Soviets for the last 20 years. In mid-May he was arrested and charged with espionage. Within days his son Michael, a Navy yeoman, was also arrested and booked. Then Walker's brother Arthur was officially charged. And finally Jerry Whitworth, a close friend and business associate of John Walker's, was taken into custody and charged with espionage.

Each member of the Walker ring had access to different material. Thus it is alleged that they bypassed a key defense against espionage, compartmentalization. It limits a person's access to secrets strictly on their need to know.

Here is a simple example. Assume that an officer on this nuclear-powered sub is a spy. Suppose some of the on-board technology is top secret, but the spy's security clearance limits his access to this area. Damage to national security is contained.

But suppose there is a spy ring, a number of people, each with a different security clearance. They could gather intelligence from several key areas. Pooled together, it would give an enemy a complete picture of a vital defense system.

So, what breaks down compartmentalization, or need to know, is too many people with access.

Now, to stem that crisis, this week Defense Secretary Weinberger ordered a ten percent reduction in the number of security clearances. Navy Secretary Lehman wants Navy-issued clerances cut in half.

What it comes down to, as Sylvia Chase reports, is too many people with too many secrets.

SYLVIA CHASE: In the wake of the Walker family affair, the talk here in Washington is that the security system guarding our secrets is a mess. But as so often happens, it took an event like this to call attention to the fact that warnings have been ignored.

But some people have been worried about the security problem for years. Senator William Roth is one of them.

SENATOR WILLIAM ROTH: It's a problem of too much, too many, and too little. By too much I mean we've got too many documents classified, we've got too many people being cleared for classified information. And when I say too little, I mean there's too little investigation. As a matter of fact, I almost believe it's easier to get a security clearance than it is to get an American Express card.

CHASE: The Senator's sentiments were echoed all over the Capitol last week. And we're going to examine his criticisms one-by-one.

First of all, why does he say there's too little investigation? The Senate Subcommittee on Investigations was told a major reason has to do with volume.

MAN: We're dealing with a universe here of roughly 4.2 million individuals with security clearances.

CHASE: Former altar boy, son of an FBI agent, and convicted spy Christopher Boyce suggested the investigators weren't thorough enough.

CHRISTOPHER BOYCE: To my knowledge, they never interviewed a single friend, a single peer during the entire background investigation. Had they done so, the investigators would have interviewed a room full of disillusioned longhairs, counterculture falconers, druggy surfers, several wounded paranoid vets, pot-smoking anti-establishment types, beaded malcontents, generally, many of whom were in trouble.

CHASE: The magnitude of what Boyce and the senators discussed became apparent exactly four weeks later when the Walker spy story exploded.

PETER JENNINGS: The FBI today arrested a former naval officer.

TOM BROKAW: The alleged Walker spy ring.

DAN RATHER: All held their top security clearances.

TED KOPPEL: In behalf of the Soviet Union.

CHASE: The Walker brothers and accused accomplice Jerry Whitworth held top secret clearance with special access to sensitive submarine operations and communications codes. Those holding this highest level of security clearance are supposed to be reinvestigated every five years.

Whitworth had twice had his clearance reviewed, but his alleged spying went undetected.

Neither of the Walkers had ever been rechecked.

Failure to detect Whitworth and the Walkers may have had more to do with procedures than with the investigators who follow them. It's a haphazard system. There are just three basic levels of classification: confidential for important national security data, secret for information whose release could do serious harm to the country, and top secret for the most sensitive information.

But there are also several special clearances relating to specific areas of extreme sensitivity, like Q for nuclear weapons, or crypto for communications codes.

With something approaching two dozen types of clearances, and several government agencies, each with their own standards, having a hand in the process, it's a hodgepodge. And that's the opinion of no less than a former deputy at the CIA.

MAN: Some of them are done by the FBI. The Central Intelligence Agency does some of its own. The State Department Security Service does some of its own. So there really is no regular system.

CHASE: Really? That's shocking. Does that shock you?

MAN: I am past the stage of being shocked. I'm sort of numb. But it is rather surprising.

CHASE: Behind those windows, the Defense Investigations Service, the Pentagon agency which approves most clearances. The agency declined to be interviewed on camera, but its critics say the group has problems, that there are too many people with clearances to keep track of. The Reagan Administration added a milion to the rolls. And the demand grows every day. Up to 26,000 clearance requests per month, and only 1500 investigators to do the job.

Where does this demand come from? A substantial portion comes from defense contractors.

Here's Hughes in California. Ninety percent of Hughes

employees have clearances, 35,000 secret clearances in this one company alone.

And another part of the too much, too many problem: documents. Hughes recently counted almost a million classified documents in its company.

But all of this security didn't make a bit of difference when one engineer, who was security cleared, workig in this highly classified facility decided to sell secrets in order to dig himself out of debt.

WILLIAM BELL: I walked out of the facilities with my briefcase, documents in my briefcase. I returned them to the facility. I was never stopped.

CHASE: William Bell is now in prison for spying.

You'd think that a secret clearance like the one that William Bell had to work on sensitive military projects would be something special. I did. But I was surprised to learn that it may be as simple as having your name fed into one of these FBI computers and having your file show no criminal record. That and the filling out of a personal history are generally all that's required to gain access to some of America's most vital secrets.

BELL: I remember filling out a form, and that was it.

I have to have my driver's license reviewed every three years in California. Your security clearance of 30 years, and nobody ever questioned it.

MAN: You need, once a clearance is issued, to recognize that over time people change. They become subject to different pressures. New things happen, impinge on their lives. A person, for example, might get into great financial hardship, might have a very bitter divorce or separation and be mad at the world.

BELL: In fact, I'd just gone through a [unintelligible] crises in my life. I'd lost my son in a tragic accident. I had gone through a divorce which was a very costly divorce. It lost me my job in Europe. And of course the attorneys were at each other's throat, like any American divorce. And the results were drastic on me, and I'd filed bankruptcy.

So, all the ingredients were there for somebody vulnerable.

CHASE: That's when Marian Zakarski (?) moved in, a spy posing as a Polish businessman, pal and neighbor at Bell's stylish condominium, here, where Bell turned over the first of dozens of classified documents.

Only after Bell's arrest was it learned he'd at last helped gather evidence which convicted spy Zakarski.

Zakarski, only this week, in a high-level spy swap, traded back to the Soviet Bloc, while Bell finishes an eight year sentence in federal prison.

You sure are in a position to speculate about whether or not there are other William Bells out there.

BELL: I hope there are not. But like I say, it's a professional versus an amateur. And I'll be surprised if there wasn't some more of it.

CHASE: Everywhere there is a military system there is the potential to compromise national security, the prospect that there is a spy among the men who staff the subs, the people who tend air defense systems, and who design and operate our nuclear arsenal, among the engineers and scientists who develop sophisticated new weapons, and the people on production lines and in shipyards who build them.

To safeguard the secrets these people know, it's now recommended there be a drastic reduction in the amount of material bearing the classified designation, in numbers of people requiring clearance, slashing present numbers by eventually as much as 50 percent, and a reduction in the numbers of agencies authorized to issue clearances. A kind of security enforcement centralization. And that security investigations themselves be tougher, more specific and intense. All recommendations bound to create controversy.

WALTERS: Why controversial, Sylvia? I mean who would object?

CHASE: Well, there's a lot of concern about a potential violation of civil liberties. You know, there's been this talk about having everybody take a polygraph test.

WALTERS: Lie detector test.

CHASE: Yes. And there's fear that that will be pushed through all of a sudden. And then there is the potential that people's private lives will be intruded upon, somehow, with more stringent security clearances.

WALTERS: Go too far in the other direction.

CHASE: Yes.

Then, now, there's something on the lighter side that we

learned, and that is that these security clearances have become something of status symbols and that people may be a little reluctant to give them up.

WALTERS: I can see -- yeah, yeah, yeah: I've been cleared by security. Therefore that makes me something special.

CHASE: Precisely.

WALTERS: Thank you, Sylvia.